

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3575-01
BILL NO.: HB 1618
SUBJECT: Elderly; Revenue Dept.; Taxation and Revenue-General-Income
TYPE: Original
DATE: February 28, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$54,400,000)	(\$54,400,000)	(\$54,400,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$54,400,000)	(\$54,400,000)	(\$54,400,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state they are currently processing the pharmaceutical tax credits and increasing the credit to \$750 will have minimal impact on the Department of Revenue. There is little or no administrative impact to the Department of Revenue.

Officials of the **Office of Administration (COA)** state this proposal would raise the pharmaceutical tax credit from \$200 to \$750. The pharmaceutical tax credit eliminates a “dead drop off” of the credit at a certain income level by phasing out the credit. This is accomplished by reducing the credit by \$2 for every \$100 of taxpayer income over the income limit. The result would be a cost of (\$54.4 million annually), which equals \$74.4 million less the \$20 million loss and 50% participation rate assumed from last year’s SB 14.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
---	---------------------	---------	---------

GENERAL REVENUE FUND

<u>Loss to General Revenue Fund</u>			
Pharmaceutical Tax Credit	(\$54,400,000)	(\$54,400,000)	(\$54,400,000)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$54,400,000)</u>	<u>(\$54,400,000)</u>	<u>(\$54,400,000)</u>
---	------------------------------	------------------------------	------------------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

RB:LR:OD:005 (9-94)

L.R. NO. 3575-01
BILL NO. HB 1618
PAGE 3 OF 3
February 28, 2000

Under current law, the maximum pharmaceutical income tax credit amount is \$200. This bill increase the maximum credit amount to \$750.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
February 28, 2000